

## Message Text

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FM AMEMBASSY ALGIERS

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C O N F I D E N T I A L ALGIERS 1584

NODIS

FOR UNDERSECRETARY ROBINSON

E.O. 11652: GDS

TAGS: ENRG, AG

SUBJ: ROBINSON VISIT: BRIEFING

REF: ALGIERS 1543

1. FOLLOWING OUR VIEWS ON POSITIONS ALGERIANS WILL  
TAKE DURING ROBINSON VISIT.

2. MULTILATERAL ISSUES: WE EXPECT BOUMEDIENE AND  
ABDESSELAM WILL FOLLOW SAME HARD LINE THEY DID WITH  
GERMAN MINISTER WISNEWSCKI (ALGIERS 1476, OECD PARIS  
17269). THEY WILL TAKE GENERAL POSITION THAT FOR  
INTERNATIONAL DIALOGUE TO BE RESUMED INDUSTRIALIZED  
COUNTRIES MUST ACCEPT AHEAD OF TIME PRINCIPLE THAT  
DIALOGUE NOT SIMPLY AIMED AT REFORMING ESTABLISHED  
ECONOMIC ORDER BUT AT CREATING NEW ONE.

3. WITHIN THIS FRAMEWORK ALGERIANS WILL FOCUS ON:  
A. FORMAT: ALGERIANS WILL INSIST THAT PROPOSED  
PREPCON COMMISSIONS (ENERGY, DEVELOPMENT, COMMODITIES)  
BE INCREASED BY ONE (MONETARY REFORM) AND THAT  
COMMISSIONS WORK "PARI PASSU" TO REPORT SIMULTANEOUSLY  
IN ORDER ENSURE THAT ENERGY COMMISSION DOES NOT GET OUT  
AHEAD WHILE OTHERS LEFT IN LIMBO. OIL PRICES WILL BE  
OUTSIDE DISCUSSION AS BEING OPEC PEROGATIVE. ON  
REPRESENTATION, THEY WILL TRY TO BLOCK IEA AND WILL  
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TRY GET LARGER GROUP OF ROUGHLY 27 COUNTRIES WHICH HAVE

OFFICIALLY RECOGNIZED AND DESIGNATED STATUS. THEY  
APPEAR TO BE IN NO HURRY TO RESUME DIALOGUE AND FOR TIME  
BEING WOULD PROBABLY BE CONTENT TO SEE NEGOTIATIONS  
OVER FORMAT DRONE ON, AT LEAST UNTIL AFTER UNSS.  
B. ISSUES: KEY ISSUES FOR ALGERIANS WILL CONCERN  
DEVELOPMENT, SPECIFICALLY INDEXATION (TO COMBAT  
INFLATION), MONETARY REFORM (TO REVAMP IMF, IBRD, ETC)  
AND COMMODITY CARTELS. OF PARTICULAR IMPORTANCE WILL BE  
TECHNOLOGY TRANSFER QUESTIONS, WHICH BOUMEDIENE HAS MADE A  
PET PROJECT; THIS INVOLVES REFORM OF UNIDO, FINANCING,  
TRAINING, AND PARTICULARLY IDEA THAT MAJOR INDUSTRIAL PROJECTS  
IN DEVELOPING COUNTRIES MUST BE GUARANTEED BY GOVERNMENT OF  
FIRM DOING PROJECT.

C. RECOMMENDATIONS: SUGGEST THAT YOU BE AS  
SPECIFIC AS POSSIBLE ABOUT OUR INTEREST IN DIALOGUE  
AND WILLINGNESS TO CONSIDER REASONABLE PROPOSALS. YOU  
WILL BE LABORING AGAINST GREAT BURDEN OF SUSPICION  
BORDERING ON PARANOIA.

#### 4. BILATERAL ISSUES:

##### A. BACKGROUND:

(1) STARTING POINT IS YOUR VISIT HERE LAST  
FEBRUARY. AT THAT TIME ALGERIANS SPOKE IN GENERAL  
TERMS OF WIDE RANGE OF INDUSTRIAL PROJECTS IN WHICH  
THEY WOULD WELCOME OUR PARTICIPATION. THEY NOTED THAT  
MAJOR PROBLEM WAS ONE OF FINANCING AND THAT EXIM TERMS  
HAD DETERIORATED AS FAR AS THEY WERE CONCERNED. THEY  
ALSO COMPLAINED ABOUT GLACIAL PACE OF FPC IN APPROVING  
GAS CONTRACTS. ONE OFFICIAL MENTIONED INTEREST IN  
MARKETING WINE IN U.S. AND THERE WAS INFORMAL DISCUSSION  
OF THAT POSSIBILITY AT LUNCH.

(2) YOU EXPRESSED BELIEF WE COULD HELP  
ALGERIANS IN AGRICULTURE, PARTICULARLY WITH REGARD  
FERTILIZERS, EXPRESSED PROFESSIONAL INTEREST IN STEEL  
PROJECTS, AND SAID YOU WOULD SEE IF EXIM COULD NOT BE  
MADE MORE HELPFUL AND FPC PROCESS ACCELERATED. ON YOUR  
DEPARTURE IT WAS AGREED THAT ALGERIANS WOULD, WITHIN  
TWO WEEKS, PRESENT US WITH LIST OF PROJECTS ON WHICH  
THEY WANTED HELP.

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##### (3) RESULTS HAVE BEEN MIXED:

(A) EXIM-TERMS HAVE IMPROVED SOMEWHAT.  
STEADY STREAM OF TRANSACTIONS BEING FINANCED. ON APRIL 1,  
I INFORMED BOUMEDIENE WE WANTED CONTINUE FINANCE ALGERIAN  
DEVELOPMENT ACTIVITIES THROUGH EXIM AND HE WAS OBVIOUSLY  
PLEASED

(B) FPC-IT SEEMS TO US THERE HAS BEEN

IMPROVEMENT HERE, BUT IT HARD TO DOCUMENT. PERHAPS IT IS QUESTION OF ATMOSPHERICS. IN ANY EVENT, GAS COMPANIES ACTIVELY RENEGOTIATING CONTRACTS AND SEEM MORE OPTIMISTIC THAN THEY WERE SIX MONTHS AGO.

(C) OPIC-IN APRIL 1 CONVERSATION I TOLD BOUMEDIENE USG COULD OFFER OPIC PROGRAM. THERE HAS BEEN NO RESPONSE.

(D) FERTILIZER-BOUMEDIENE MADE HIS OWN PROPOSAL TO OPEC FOR COOPERATIVE VENTURE TO PROVIDE FERTILIZER AT COST TO POORER LDC'S. HE TOLD ME APRIL 1 PROJECT STILL UNDER STUDY, AND WE HAVE HEARD NOTHING FURTHER ABOUT IT. THERE HAS SO FAR BEEN NO EXPRESSION OF INTEREST IN OUR WILLINGNESS TO HELP IN THIS FIELD, BUT THAT DOES NOT MEAN IT WILL NOT COME.

(E) LIST OF PROJECTS-THIS HAS NEVER BEEN PRODUCED. IN FOLLOWUP CONVERSATION MARCH 11 I WAS OBVIOUSLY MORE FORTHCOMING THAN OUR POSITION, AS SUBSEQUENTLY REVEALED IN OUR APRIL 1 MESSAGE TO BOUMEDIENE, WARRANTED, BUT EVEN THAT FAILED SPARK RESPONSE. ALGERIANS ARE NOT INTERESTED IN REIMBURSABLE TECHNICAL ASSISTANCE. THEY BELIEVE THEY CAN DO BETTER THROUGH PRIVATE CHANNELS, AND PROBABLY ARE RIGHT. IF WE ARE PREPARED PAY FOR IT, THAT IS ANOTHER MATTER.

(F) THERE IS POTENTIAL PROGRESS ON WINE FRONT. PRODUCER INTERNATIONAL IS WORKING ON WHEAT FOR WINE TRANSACTION.

B. RECOMMENDATION:

(1) EXIM-SUGGEST YOU COME WITH UPDATED STATEMENT TOTAL EXIM COMMITMENTS, PRELIMINARY AND FINAL, TO ALGERIA AND EMPHASIZE POSITIVE ROLE WE PLAYING THIS REGARD.

(2) FPC-IF YOU CAN SAY SOMETHING POSITIVE  
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ABOUT THIS ORGANIZATION, AND OF YOUR EFFORTS WITH IT, THAT WILL BE USEFUL TOO.

(3) OPIC-THIS SOUNDS TOO MUCH LIKE INVESTMENT GUARANTEE PROGRAM FOR ALGERIANS TO BE INTERESTED, BUT SUGGEST YOU MENTION IT AGAIN AS INDICATION OUR POSITIVE ATTITUDE. FIRST MENTION MAY NOT HAVE REGISTERED.

(4) FERTILIZER-USGGEST YOU ASK WHERE BOUMEDIENE'S PROPOSAL STANDS AND REITERATE OUR INTEREST IN QUESTION.

(5) LIST OF PROJECTS-SUGGEST WE WAIT TO SEE IF ALGERIANS RAISE. IF THEY DO COME UP WITH IT, WE CAN PROMISE TO STUDY. DO NOT BELIEVE WE SHOULD URGE THEM TO COME FORWARD WITH IT UNLESS WE ARE GOING OFFER CONCESSIONAL ASSISTANCE.

(6) COMMODITIES-ALGERIANS MAY RAISE QUESTION

OF PL 480 SALES. THEY WILL HAVE TO BUY LARGE QUANTITIES  
OF WHEAT THIS SUMMER. IF THIS COMES UP, SUGGEST YOU NOTE  
THAT WE ARE GIVING SYMPATHETIC CONSIDERATION  
TO ONE REQUEST FOR CCC CREDIT AND WOULD BE PREPARED TO  
CONSIDER SUBSEQUENT APPLICATIONS. YOU SHOULD POINT OUT,  
HOWEVER, THAT QUESTION OF OUTSTANDING PRIVATE CLAIMS,  
AND LACK OF PROGRESS ON COMPENSATION FOR USG PROPERTY  
(MUSTAPHA RAIS) SEIZED IN 1964 COULD SERIOUSLY COMPLICATE  
THE PROCESS.  
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## Message Attributes

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